



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

November 16, 2005

Michele Spidel, Treasurer
Progressive Vote aka Progressive
Democrats of America
12510 W. Bird Lane
Litchfield Park, AZ 85340

Response Due Date:
December 16, 2005

Identification Number: C00402800

Reference: Mid-Year Report (1/01/05-6/30/05)

Dear Ms. Spidel:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. This notice requests information essential to full public disclosure of your federal election campaign finances. **An adequate response must be received at the Commission by the response date noted above.** An itemization of the information needed follows:

-Please clarify all expenditures made for "Dinner at summit," "Food for Progressive Caucus Reception," "Performance at convention," "Summit lunches," "Summit supplies and printing - DC," "Tech at summit," and "Venue for convention" on Schedule B. If a portion or all of these expenditures were made on behalf of specifically identified federal candidates, this amount should be disclosed on Schedules B or E supporting Lines 23 or 24 and include the amount, name, address and office sought by each candidate. 11 CFR §§104.3(b) and 106.1

-Schedule B discloses an expenditure(s) for "Brochures," "Brochures for Take Back America," "Flyers in DC," "Flyers in Van Nuys, CA," "Printing," "Reimbursement for printing," and "Stickers, brochures." If a portion or all of these expenditures were for public communications (as defined by 11 CFR §100.26) and voter drive activity (under 11 CFR §106.6(b)(2)(i)) containing express advocacy as defined under 11 CFR §100.22, this would constitute an in-kind contribution or an independent expenditure and should be properly disclosed on a Schedule B or E supporting Line 23 or 24 as appropriate. Public communications and voter drive activity that refer to a clearly identified Federal candidate, but that do

not expressly advocate the election or defeat of that candidate should be reported on Schedule B for Line 21(b) of the Detailed Summary Page. Please clarify whether this activity contained express advocacy and amend your report to properly disclose this activity, if necessary.

-Itemized disbursements must include a brief statement or description of why the disbursements were made. Please amend Schedule B supporting Line(s) 21(b) of your report to clarify the following description(s): "DC reimbursement," "Reimbursement," "Consultant Reimbursement," "Reimbursement DC," "LA fundraiser reimbursement," "Consultant Fee," "Feb fee," "PRNewswire," "Reimbursement," "Summit," "Take Back America," and "Conference." For further guidance regarding acceptable purposes of disbursements, please refer to 11 CFR §104.3(b)(3).

-Schedule B of your report discloses reimbursements to individuals for "Reimbursement for Hayden DVD," "Reimbursement for shipping," "Reimbursement for cell," "Reimbursement - cell," "Brochures for Take Back America," "Reimbursement for printing," "Take Back America Conference," "Reimbursement - cell," "Bracelets," "LA fundraiser reimbursement," "DC reimbursement," "PRNewswire," "Consultant Reimbursement," "Reimbursement for DVD burning," "Reimbursement DC," "OC catering - fundraiser for PDA," "Equipment for DC concert," "Reimbursement," and "Reimbursement for phone." Please be advised that when itemizing reimbursements to individuals for goods or services, if the payment to the original vendor aggregates in excess of \$200 in a calendar year, a memo entry including the name and address of the original vendor, as well as the date, amount and purpose of the original purchase must be provided. Please amend your report to include the missing information. If itemization is not necessary, you must indicate so in an amendment to this report. 11 CFR §§104.3(b)(3)(i) and 104.9, and Advisory Opinions 1992-1 and 1996-20, footnote 3

-Schedule B of your report discloses a reimbursement(s) to an individual(s) for apparent travel and subsistence advances in which the total amount reimbursed exceeds \$500. When the reimbursement amount to staff for travel and subsistence advances exceeds \$500, the payments by committee staff that make up the reimbursement may have to be itemized. For example, if the related payment(s) to any one vendor by the staff aggregates in excess of \$200 for the calendar year, the payment(s) must be itemized as a memo entry for that reimbursement. Each memo entry must include the complete name and address of the original vendor, as well as the date, amount and an adequate purpose. If itemization is not necessary for a particular reimbursement to staff in excess of \$500, you must clarify this in

an amendment to this report. Please amend your report to include the missing or clarifying information. 11 CFR §104.9 and Advisory Opinion 1996-20, footnote 3

-Schedule B of your report discloses lump sum payments to "ADP" for payroll purposes; however, you have not itemized the individuals who receive payment. Each person who provided services to the committee must be identified in a memo entry if the payments made through the payroll account to the ultimate payee exceed \$200 in a calendar year. Please amend your report by providing the name, date, amount, and purpose for such payments as required by 11 CFR §102.9(b)(2)(i)(A).

-Schedule B supporting Line 21(b) of your report discloses a payment(s) to another political committee(s) for goods and/or services provided by that committee(s). 11 CFR §100.52(d)(1) states that "...the provision of any goods or services without charge or at a charge which is less than the usual and normal charge for such goods or services is a contribution." Examples of goods and services include equipment, supplies, personnel, membership lists and mailing lists. The term "usual and normal charge" for goods is defined as "...the price of those goods in the market from which they ordinarily would have been purchased at the time of the contribution". The usual and normal charge for services is defined as "...the hourly or piecework charge for the services at a commercially reasonable rate prevailing at the time the services were rendered." 11 CFR §100.52(d)(2)

Please clarify whether your committee was assessed the usual and normal charge for the goods and/or services you received and explain the steps the political committee(s) took in determining the amount(s) charged to you. If your committee was provided the goods and/or services at less than the usual and normal charge, the difference between the two is considered to be an in-kind contribution by the political committee(s) to your committee and is subject to the limits set forth at 2 U.S.C. §441a. (11 CFR §100.52(d)(1))

-Your 2005 Mid-Year Report discloses limited payments for administrative expenses. Administrative expenses are payments made for the purpose of operating a political committee including, but not limited to, rent, utilities, salaries, telephone service, office equipment and supplies. Any such payments to a person aggregating in excess of \$200 in a calendar year must be disclosed on Schedule(s) B supporting Line 21(b) of the Detailed Summary Page. 2 U.S.C. §434(b)(5) If these expenses are being paid by a connected organization, your Statement of Organization must be amended to reflect this relationship. 2 U.S.C. §433(b)(2) In addition, if expenses have been incurred but not paid in a reporting period, the activity should be

disclosed as a debt on Schedule D, if the obligation is \$500 or more, or outstanding for sixty days or more. 11 CFR §104.11

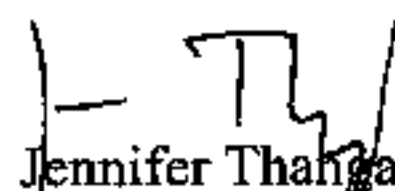
Any goods or services provided to your committee by a person, except volunteer activity (i.e., a person's time), would be considered an in-kind contribution from that person, and would be subject to the disclosure requirements of 2 U.S.C. §434(b)(3) and 11 CFR §104.13, and the limitations and prohibitions of 2 U.S.C. §§441a and 441b.

Clarification regarding administrative expenses should be disclosed during each two-year election cycle beginning with the first report filed in the non-election year. Please verify that all expenses referenced above (i.e., rent, salaries, utilities, etc.) have been adequately disclosed. If volunteers have provided these services, please confirm this in writing.

Please note, you will not receive an additional notice from the Commission on this matter. Adequate responses received on or before this date will be taken into consideration in determining whether audit action will be initiated. **Requests for extensions of time in which to respond will not be considered.** Failure to provide an adequate response by this date may result in an audit of the committee. Failure to comply with the provisions of the Act may also result in an enforcement action against the committee. Any response submitted by your committee will be placed on the public record and will be considered by the Commission prior to taking enforcement action.

Electronic filers must file amendments (to include statements, designations and reports) in an electronic format and must submit an amended report in its entirety, rather than just those portions of the report that are being amended. If you should have any questions regarding this matter or wish to verify the adequacy of your response, please contact me on our toll-free number (800) 424-9530 (at the prompt press 5 to reach the Reports Analysis Division) or my local number (202) 694-1143.

Sincerely,



Jennifer Thangavelu
Campaign Finance Analyst
Reports Analysis Division

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